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FROM: Guatemala City

TO: Secretary of State

NO: 274, January 29

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
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PRIORITY

SENT DEPARTMENT 274; REPEATED TEGUCIGALPA 8, MANAGUA 2, SALVADOR 4.

President Arbenz Information Office, on authority of Cabinet, this noon released lengthy statement re recent arrests of opposition elements, charging that well-organized plot by Colonel Carlos Castillo Armas and General Miguel Ydigoras Fuentes, Guatemalan exiles in Honduras and El Salvador, had had active support of Nicaraguan Government and quoting a letter of Castillo Armas saying US Government had taken decision to allow his plans to develop. Statement said that since 1944 revolution reactionary forces had undertaken task of arming a counter-revolutionary movement and when Arbenz economic reforms had clashed with a "foreign monopoly as powerful as the UFCO these forces had solicited and obtained not only moral support of the companies and high foreign officials but also material cooperation to undertake the criminal plan".

The Salama uprising last year had once before proven that the participants "had foreign support and funds and that their plans were partially drawn up abroad". Origin of present conspiracy, statement continued, was a secret unification agreement signed in San Salvador on March 31, 1952 and ratified in Tegucigalpa and San Salvador on 13-14 August 1952 by Ydigoras Fuentes and Castillo Armas. This named Castillo Armas as "Military Chief of Revolution" and Ydigoras Fuentes as Presidential candidate. On September 20, 1953, Castillo Armas had written from Tegucigalpa to President Somoza saying his plans had acquiescence of "Government of the North" and took in Governments of El Salvador, Dominican Republic and Venezuela. He had written in this letter "I have been informed by our friends here that Government of the North recognizing the impossibility of finding another solution to the grave problem of my country has taken decision to allow us to develop our plans".

Answering this correspondence, Colonel Tachito Somoza, the President's son, had put at Castillo Arma's disposition an arms offer

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arms offer made by H.F. Neordes and Company of Hamburg including machine guns, mortars, napalm bombs and Vampire Jet aircraft. Funds to pay had been partly assured by Tachito signature and partly by "other" sources which had provided Castillo Armas with "rivers of money". Agent between Somoza and Castillo Armas had been Jorge Isaac Delgado, Commercial Attache of Panamanian Embassy in Managua who was also commissioned to acquire planes and ships, contract pilots and mercenaries and obtain President Somoza's permission to establish training bases in Nicaragua. Castillo Armas' plans, statement went on, had been to disembark troops sailing from Nicaraguan ports on the Guatemalan Pacific Coast, bomb neighboring towns and seize Pacific Coast airports, simultaneously attack across Honduran frontier and join internal elements which would rise in his support. Arms for this purpose had already been brought clandestinely to Guatemala City and Tiquisate, the latter by way of (US-owned) IRCA Railroad.

Statement further charged group of "supersaboteurs", assassins and radio technicians were to be trained on island of Momotombito off Nicaragua. President Somoza's El Tamarindo farm was to be used as communications gaining center and general base was to be established at abandoned airport near Puerto Cabezas, Nicaragua. First ten Guatemalans had already reached Nicaragua and instructor for project was to be Colonel Carl Studer who had been retired from US Army to be put at disposition of UFCO.

Secret radios had been set up in Tegucigalpa and Managua and Guatemalan Government technicians were now decoding messages passed between them. Statement further asserted Miguel Camacho Labbe (Guatemala City Municipal Counsellor who took refuge in Salvadoran Embassy during recent police round-up) was Castillo Armas' principal agent in Guatemala. Castillo Armas had written him asking him for military information. Also Horacio de Cordova and Roberto Vizcaino Rubio (both recently arrested) had promised $2,000 to Jose Maria Ticas, radio technician at Guatemala City Military Base who had drawn up complete plan of Guatemalan Government radio communications which had already been sent to Castillo Armas.

Gabriel Fernandez (Camacho's nephew also arrested) had mission of drawing up report on likely airports on the Pacific Coast while L 's Beltranena Valladares (anti-Communist leader who also fled to Salvadoran Embassy) had been in communication with Luis Valladares y Aycinena, exiled anti-Communist leader.

Guillermo Davila Cordova (arrested) had been Ydigoras Fuentes' personal representative in Guatemala. Guatemalan Government, statement concluded, had many other proofs of support of Castillo Armas and Ydigoras Fuentes by "some foreign governments"

and if this

and if this continued Guatemalan Government would be obliged to denounce such activity before appropriate international organizations as an attempt to destroy international security and peace of nations.

President's Information Office also released photostatic copies of correspondence described and photo of Colonel Studer passport as documents supporting its statements.

KRIEG

MAM/8

NOTE: Mr Sayre (ARA) notified 1:30 a.m., 1-30-54 EH